

ASX:EEG

**Chairman's Address to the 2022
Annual General Meeting**

30 May 2022



Level 19, 20 Bond Street
Sydney NSW 2000

Good morning Ladies and Gentlemen,

Developments in International and Australian Energy markets relevant for Empire Energy

Events in Europe this year highlight the critical importance of gas for the functioning of the global economy.

Who would have predicted that the key LNG price index, the Japan Korea Marker peaking at US\$55.97 MMBtu on March 7 and the Henry Hub Index trading above US\$9 MMBtu this week; dramatic increases of 454% and 204%, respectively above prices on 27 of May 2021, the date when we met for our 2021 Annual General Meeting.

Gas will increasingly be the natural partner to renewable energy as baseload coal fired power retires, helping to meet the challenge to reduce carbon intensity while ensuring stability and reliability of the electricity grid. Gas continues to be the key industrial feedstock for many of the products that a modern lifestyle depends on.

United Nations forecasts that the world population will increase by 2 billion in the next 30 years to 9.7 billion by 2050 and possibly to 11 billion by 2100.

Royal Dutch Shell has forecast global LNG imports rising from 380 Mtpa in 2021 to over 700 Mtpa by 2040, much of that demand coming from the growing economies of Asia. Australia with its existing approximately 88 Mtpa of LNG export capacity and room for expansion will be a significant supplier to LNG markets for many years.

Progress in Empire's Northern Territory projects towards commercial production

During the Federal Election both major parties pledged their support for development of the Beetaloo Sub-basin. They recognise the importance of the Beetaloo gas resource in providing domestic energy security, supporting the growth of manufacturing, growing LNG export revenues, taxation, state royalties and employment.

The potential for all this was underlined by the Netherland Sewell and Associates Inc. Prospective and Contingent Resources upgrade for our EP187. In January 2022, Empire announced EP187 2C Contingent Resources and 2U Prospective Resources had increased to 396 BCF and approximately 4.3 TCF, respectively. This has the potential to support an LNG train for 20 years.

Empire is now preparing for the forthcoming Carpentaria-2H fracture stimulation and flow test which we expect will further de-risk this very large resource.

Main developments during the year

- **The acquisition of Pangaea (NT) Pty Limited's and EMG Northern Territory Holdings Pty Limited's 100% interests in five tenements in the Beetaloo Sub-Basin covering 14 million acres** is transformational for Empire. The total acquisition consideration was approximately \$57 million in cash and shares after investment on those assets by previous ownership of approx. \$110 million. These assets hold independently certified 2C Contingent Resources and 2U Prospective Resources of 179 BCFe and ~32 TCFe, respectively.
- **Execution of Memoranda of Understanding with APA Group** to optimize development pathways for the Beetaloo Sub-basin mid-stream infrastructure and access to the existing Amadeus Gas Pipeline and the Northern Territory's own **Power and Water Corporation** for gas sales and transportation arrangements through the McArthur River Gas pipeline.
- **Completion of the second Carpentaria-1 extended production test**; reporting an average flow rate of 0.364 mmcf / day representing a 45% increase on that reported for the first test.
- **Successfully drilled, cased and suspended Carpentaria-2H**, on time and budget, the longest horizontal cased section of 1,348 metres in the Velkerri Formation to date.
- **Empire received \$1.82 million in cash from the Commonwealth Government under the Beetaloo Cooperative Drilling Program**, first tranche.
- Receipt of \$5.37 million as a refundable tax offset under the Federal Government Research and Development Tax Incentive Scheme, as Empire utilized the best available techniques and science.

Empire continues an active programme of collaboration with our Traditional Owners in the NT with employment opportunities, cultural monitoring, heritage reporting and indigenous arts support. We are building relationships of trust and cooperation with the Traditional Owners and the pastoralists on the lands on which we operate. Consistent with its Environment, Social & Governance ("ESG") policy, Empire is advancing carbon offsetting strategies to manage our future emissions.

Following the completion of the Pangaea transactions, Paul Fudge and his alternate Jacqui Clarke were welcomed to the Board of Empire.

Our successes are only possible through the work of our Executive team and operations consultants, InGauge Energy. Together they have consistently driven improved capital and operational performance of Empire in the Beetaloo.

On behalf of the Board and shareholders I thank them all for their commitment, their work and performance throughout the year.

This ASX release has been authorised by the Managing Director

For queries about this release, please contact:

Alex Underwood, Managing Director

Ph: (02) 9251 1846

info@empiregp.net